



DEEPAK NITRITE LIMITED

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CIN: L24110GJ1970PLC001735

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Adopted by the Board of Directors on 7th November, 2014;

Last reviewed and amended by the Board of Directors on 3rd May, 2019]

Introduction:

The Board of Directors (the “**Board**”) of Deepak Nitrite Limited (the “**Company**” or “**DNL**”), has adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy.

This policy will be applicable to the Company from the date of approval by the Board.

1. Objective:

- 1.1. The Policy is framed, in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) (including any statutory enactments/ amendments thereof) intended to ensure governance of material subsidiary companies.
- 1.2. To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2. Definitions:

- “**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations and the Companies Act, 2013 as amended from time to time.
- “**Board of Director**” or “**Board**” means the Board of Directors of Deepak Nitrite Limited, as constituted from time to time.
- “**Independent Director**” means a Director of the Company, not being a Whole Time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and Listing Regulations.
- “**Policy**” means Policy for Material Subsidiaries.
- “**Consolidated Income or Net-worth**” means the total income or net-worth of the Company and its subsidiaries.

- **“Subsidiary Company” or “Subsidiary”** shall mean the subsidiary company as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder.
- **“Material non-listed Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- **“Significant Transactions and Arrangements”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / listing agreement / regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
7. SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. **Criteria for determining Material Subsidiary:**

A Subsidiary shall be considered as Material Subsidiary, if any of the following conditions are satisfied:

- a. Investment of the Company in the Subsidiary exceeds 10% of its consolidated net worth as per the audited balance sheet of the Company for the previous year; or
- b. the Subsidiary has generated 10% of the consolidated income of the Company during the previous financial year.

4. **Governance of Material subsidiaries:**

- 4.1. At least one Independent Director of the Company shall be a director on the Board of the Material non-listed Indian Subsidiary Company.
- 4.2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company periodically.
- 4.3. The minutes of the Board Meetings of the unlisted Subsidiary Company shall be placed before the Board of the Company periodically.

- 4.4. A statement of all the Significant Transactions and Arrangements entered into by the Subsidiary Company shall be placed before the Board of Directors of the Company, periodically.
- 4.5. The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the Subsidiary without passing a special resolution in its General Meeting.
- 4.6. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

5. Disclosures:

This Policy shall be placed on the website of the Company at www.godeepak.com and a web link thereto shall be provided in the Annual Report.
